



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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**Budget Vote Speech to the National Assembly
by Minister of Tourism Hon. Mmamoloko Kubayi-Ngubane, MP
Parliament of the Republic of South Africa, Cape Town
Tourism Vote 33
10 July 2019**

Honourable House Chairperson

Deputy Minister of Tourism, Honourable Fish Mahlalela

Chairperson of the Portfolio committee on tourism honourable Supra Mahumapelo

Members of Parliament

Members of the SAT Board

Director General, Acting CEO of South African Tourism and Senior Managers of the Department

Distinguished guests

Ladies and Gentlemen

Honourable members

Twenty-five years ago, the people of our beautiful country and the world celebrated the birth of South Africa's constitutional democracy. The ascendance of our icon Nelson Mandela to the high position of President of the democratic South Africa inspired hope not only for our country but for the rest of the world that indeed good can triumph over evil. It is therefore fitting that as I stand here before you, we are also celebrating Mandela month under the theme #action against poverty. This is a fitting theme given the task before us to overcome the triple challenges of unemployment, Poverty and Inequality that beset our country. Hence, we are making a call that says working together, we can grow the economy through tourism.

Tourism has an important role to play in placing our economy on a sustainable inclusive growth trajectory. Globally, tourism has demonstrated a higher growth rate than any other sector, with arrivals in emerging economies up to 2030 projected to grow at double the rate of advanced economies. Locally, the growth of the tourism sector has been a boon for our economy.

According to the World Travel and Tourism Council (WTTC), the 2018 contribution of the tourism sector in South Africa, directly accounted for 2.8% of real GDP, which amounts to R139 billion and this is projected to grow to R145, 3 billion for 2019.

The indirect contribution of the tourism sector to our economy's GDP in 2018 stood at an even higher 8.2%, which captures the strong economic links to the demand and supply side that the sector has with other sectors of the South African economy. In addition, the tourism sector direct employment accounted for 4.2% of total employment in the South African economy in 2018 and this is projected to increase to 709 thousands jobs in 2019, while Tourism's indirect contribution to total employment stood at 9.2% for 2018.

Honourable Members,

A sustainable tourism economy requires balanced performance in respect of both international and domestic tourism.

In his state of the Nation Address, President Ramaphosa outlined an ambitious target of more than doubling our international arrivals to 21 million by 2030. To achieve this international arrival target, the growth rate of international arrivals needs to increase to over 4% in the short run and be consistently be maintained in excess of 6% until 2030.

Setswana ra re “Moeng goroga re je ka wena”

While our international arrivals have grown over the last two decades, our share of the global 1.4 billion international tourism arrivals in 2018 leaves room for significant international market growth.

Our current share of the large outbound markets such as China, India and Nigeria is low. Stats SA reports that South Africa attracted an estimated 96 thousand tourists from China in 2018 and managed to attract 93 thousand tourists from India for the same period. Similarly, we managed to attract about 53 thousand tourists from Nigeria.

This gives us a great opportunity to increase our market penetration in these large outbound tourist markets globally, with great prospects for growing the number of international tourists.

With our renewed focus in this market, we project that our efforts will generate an increase in the share of international arrivals to South Africa from China to over 9% of our total international tourist composition.

We also project an increase of the share of international arrivals from India to over 7% of our total international tourist composition.

To achieve this, we will position South Africa as a China and India friendly tourism destination through relevant Content- Reviewed Platforms and a comprehensive China and India Readiness programme, developed in close partnership with the private sector. We plan to use technological platforms such as WeChat and Alipay, for ease of access to the Chinese market.

Establishing an air transport link between South Africa and India will receive our utmost attention. We will be engaging with various airlines to explore this possibility.

In 2018, South Africa recorded a total arrivals figure of 7.8 million from within the African continent, which represents the largest percentage of international arrivals to South Africa.

We will create and share first-hand information to promote South Africa so that we become a destination of choice for the African continent and the diaspora.

Initiatives will include partnering with online travel agencies, targeting the “leisure” market, partnerships with South African product owners to drive affordable family packages and delegate boosting at exhibitions, association meetings and business chambers.

The European market remains an important market for our tourism sector. Visitors from Europe can easily get Visas that allow them to stay for 90 days. The closeness of the time zone between South and European countries and our pleasant weather position South Africa as a preferred destination for both business and leisure tourism for many Europeans. As for Americans, we have seen growth in the number of visitors, and we expect the growth trend to continue.

We shall do our very best to ensure that we remove all obstacles for tourists to enjoy their journey to South Africa. In this regard, we are happy to report that recent visa waiver for Russia and Angola had a positive impact on the number of international travellers who graced our shores. We are also encouraged with the announcement made by the Minister of Home Affairs, Dr Aaron Motsoaledi that South Africa’s new e-visa system is expected to launch within this financial year. These demonstrates that close collaboration between the two departments can lead to a positive economic impact which augurs well with priority of the sixth administration of working together to grow our economy.

As we anticipate an increase in foreign tourist arrivals, we are aware that their primary concerns are safety and security. We are at an advanced stage of developing the National Tourism Safety strategy working with the SAPS, provinces, local government and members of the sector.

In response to some of the issues raised with me by tourists on social media platforms and other interactions, we are also engaging the private sector to work with us to make our country an attractive destination. For an example, access to broadband connectivity has become a basic need for the

world's population and in light of some challenges in this area, we are angaging with mobile network operators to make broadband access ubiqitous and to make sim cards easily accessible to those who do not wish to roam whilst enjoying their holiday in our country.

Honorable members

Ka sepedi rere "Lesogana lele sa etego lenyala kgaitseidi"

Domestic tourism remains under strain and its potential is yet to be fully exploited. This is because of several challenges on both the supply side and the demand side. On the supply side, challenges include inflexible product offering and competitive pricing. The poor performance of our economy and rising cost of living has had a negative impact on the demand side of domestic travel. Equally, our relatively poor contribution of domestic tourism relates to a history where unrestricted mobility and travel were the privilege of a few.

In the next few weeks, we will be aggressive in our strategy working with provinces, municipalities, communities and industry to get South Africans to travel their country. We are saying to South Africans: you are not fated to labour without rest. We would like to say to them that the beauty of the landscapes, our rich cultural diversity and our heritage, from ancient city of Mapungubwe to Robben Island, from the Kgalagadi to Makhonjwa Mountains, is our common property from which all of us must feed to nurture our humanity. Simply put, let's all be tourists.

We will be collaborating with private sector to create programmes to market a diversity of travel packages for South Africans of all ages and from all walks of life. In due course, we will be announcing a partnership with the retail sector that is aimed at creating opportunities for South Africans to travel their country.

We invite the financial services sector to support the tourism sector by creating financial products such as travel "stokvels" that will enable South Africans to save for travel and to make available travel packages that will make travelling more affordable for lower to middle income population group.

We also intend establishing a national tourism visitor and information management system that will, amongst other things, provide an affordable booking and transaction system and market access for a range of tourist facilities.

Globally, countries celebrate the 27th of September annually as Tourism day. Domestic tourism activities and activations take place during the month of September to highlight the critical role of tourism in growing the economy and developing critical skills for the sector.

We are looking forward to more South Africans joining this year.

Honourable members

The department will continue to implement programmes aimed at growing our economy and development of capabilities of South Africans across the tourism value chain.

Work is currently underway to develop a comprehensive tourism infrastructure plan in anticipation of future growth of the sector.

Under this project, four tourism master plans will be developed in the following areas:

- i) Port St Johns to Coffee Bay,
- ii) Hondeklipbaai to Port Nolloth,
- iii) Sutherland to Carnarvon, and
- iv) Orange River Mouth to Vioolsdrift.

We will intensify our efforts to accelerate economic transformation and job creation through the development of tourism enterprises. In this connection, the Department has continued to implement Enterprise Development Programmes to transform the sector and provide developmental support to rural tourism enterprises over the medium-term.

The Programme comprises Hub-based Tourism Incubation Support and offsite national support for SMME.

The establishment of the Tourism Incubation programme has been identified as one of the elements of the Enterprise Development and Support Programme.

In 2017, 4 Incubators were established in following areas:

- (I) Pilanesberg in the Bojanala District Municipality in the North West Province.
- (II) Manyeleti in Ehlanzeni District Municipality in Mpumalanga Province
- (III) Phalaborwa under Mopani District Municipality in the Limpopo Province
- (IV) Mier under ZF Mgawu District Municipality in the Northern Cape Province.

We will also implement the SANParks Contractor Incubator in the following national parks: Kruger National Park; Addo National Park; Marakele National Park; Golden Gate National Park and Kgalagadi National Park.

SMMEs and Cooperatives from communities surrounding the parks will be incubated to enable them to set up sustainable businesses while implementing a maintenance programme in the five national parks as part job summit commitment from the sector.

Through the Green Tourism Incentive Programme (GTIP) we aim to encourage tourism enterprises to move towards sustainable management of water and energy resources as part of responsible tourism practices. Overall, we are steadily increasing activities in the tourism sector aimed at mitigating climate change which is a clear demonstration of our commitment to maintaining a sustainable destination.

The Tourism Transformation Fund (TTF), in collaboration with the National Empowerment Fund (NEF), was introduced in 2016 with the aim to improve transformation through access finance.

We have identified some weaknesses with this programme with regards accessibility of the funds and we will work towards reconfiguring the fund so that it can produce desirable results.

The department will continue to implement the Working for Tourism Programme through the EPWP funding.

The programme focuses on job creation linked to the development of tourism infrastructure and skills development within the tourism sector.

In the last financial year, about 3000 Full Time Equivalent Jobs (FTEs) were achieved. This financial year we aim to achieve 4331 Full Time Equivalent Jobs.

Our community empowerment programme largely implemented through tourism infrastructure was compromised due multiplicity of implementation challenges. Amongst others, these challenges include corruption and poor workmanship. With the assistance of GTAC we are happy to announce these challenges are behind us and we will be resuming the at the affected sites.

Honourable members

We are also mindful of the fact the disruptive technologies of the fourth Industrial revolution will have an impact in the tourism industry. In this regard, we will work closely with the presidential commission on fourth industrial revolution which has been tasked by the president to develop South Africa's strategy around this phenomenon, the impact of the technological advancements associated with it, and how to leverage from the opportunities it provides. In addition, the Department of Tourism will host a conference on innovation on tourism later this year so that all stakeholders can come together to give due consideration to the impact of innovation on the sector. This will help us prepare the tourism sector for this inevitable revolution.

Transformation in the sector remains a big challenge and it is an area that will continue to receive our attention.

Transformation programmes will focus on five priority areas namely, ownership, management control, skills development, enterprise and supplier development, as well as socio-economic development.

We are going to scale up on the implementation on our flagship Women in Tourism (WiT) Programme which support the development and empowerment of women in the tourism sector.

It is our belief that transformational efforts must be deliberate and they should be consciously driven.

I therefore call on the tourism sector to embrace transformation and other industry-based initiatives that have proved to be successful such TOMSA.

We will continue to work closely with the Tourism Business Council of South Africa and other stakeholders to deliver on the 21 million target.

Honorable members,

The draft Tourism Amendment Bill was recently approved by Cabinet and has been gazetted for public comments. Given the extent of interest in the Bill, the comments period has been extended by a month until the 15th of July 2019. We aim to get the bill approved within this financial year.

the department will work on the development of a 5-year strategic plan that will inform the overall tourism agenda for the sixth administration. SA Tourism will continue to implement its marketing activities to promote South Africa as a preferred leisure and business events destination in line with the priorities of the sixth administration and the medium-term strategic framework.

Honourable members

With regards to the matter of the suspension of the CEO of South African tourism, I received a draft report together with recommendations from the board yesterday afternoon and I have requested for the final report to be able to deal with the matter.

Honorable members

The department's budget allocation for 2019/20 is R2,393 billion of which R1,554 billion is for Transfers and Subsidies. 53 % of the budget goes to SAT.

The department has received a baseline increase of R 67 million, over the MTEF for the EPW P Incentives.

There were specific a baseline reduction of R 33,2 million for the Tourism Incentive Programme

It must be noted there were further baseline reductions of R54,8 million for South African Tourism (SA Tourism)

These base line reductions are as a result of the constrained fiscus and sustained poor performance of the South African economy. The journey to economic recovery will not be easy but working together, we can grow our economy. In the words of the former Ghanaian president Kwame Nkrumah who said "Countrymen, the task ahead is great indeed, and heavy is the responsibility; and yet it is a noble and glorious challenge - a challenge which calls for the courage to dream, the courage to believe, the courage to dare, the courage to do, the courage to envision, the courage to fight, the courage to work, the courage to achieve - to achieve the highest excellencies and the fullest greatness of man. Dare we ask for more in life? "

I thank the honorable President, Deputy President, my colleagues in cabinet, Deputy Minister Fish Mahlalela, the chairperson and members of the portfolio committee for the support.

I also thank the staff in the ministry, the director general and the entire stuff in the department, the SAT board and the executives.

I invite you to join us on this journey towards growing the economy through tourism.

Honorable members

I hereby table budget vote No. 33 from the Department of Tourism together with priorities for financial 2019/20.

I thank you.